

FISCAL NOTE

HB 520 - SB 787

February 26, 2001

SUMMARY OF BILL: Enacts the *Mandatory Motor Vehicle Insurance Act of 2001* which:

1. requires submission of proof of insurance or proof that a cash deposit or bond has been filed that complies with the Tennessee Financial Responsibility Law, for registration or renewal of registration of a motor vehicle.
2. requires an insurer to notify the Department of Safety and the insured within 3 days that a policy has been terminated and no replacement policy issued and that the vehicle registration will terminate in 10 working days from the date of the notice.
3. requires the Commissioner of Safety to notify an individual within 3 days of the withdrawal of the required cash deposit or bond that the person's vehicle registration will terminate 10 working days from the date of the notice. Affected registrations will only terminate if the vehicle owner does not provide the required proof before the 10 days expire.
4. specifies that any insurance company failing to provide the required notice shall remain liable to the extent of the original policy limits for the period of validity of the original policy certificate or until the required notice is sent to the Commissioner.

ESTIMATED FISCAL IMPACT:

**Increase State Expenditures - \$352,200 Recurring
\$596,000 One-Time**

Increase Local Govt. Expenditures - Not Significant

<u>Increase State Expenditures</u>	<u>One-Time</u>	<u>Recurring</u>
Wages and Benefits	\$	\$235,000
Office Space		23,400
Equipment (CRT's and Phone Lines)		9,800
Supplies		34,000
MIS Software Enhancements	50,000	50,000
Office Furniture	36,000	
Telephone Sets	1,500	
Microfilm Reader	2,500	
Personal Computers	6,000	
New Insurance Sub-system	500,000	
TOTALS	<u>\$596,000</u>	<u>\$352,200</u>

Estimate assumes:

- 12 new positions in the Department of Safety to handle correspondence and paperwork generated by the implementation of this act.

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- the development of a new sub-system for processing insurance notifications and cancellations and notifications to vehicle owners, as well as numerous changes to the current motor vehicle information system.
- county clerks will continue to be able to process motor vehicle renewal registrations by mail as long as the proof of compliance with the provisions of the bill is included with the renewal form by the individual mailing it in. Any increase in expenditures for local governments is estimated to be not significant.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James A. Davenport". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

James A. Davenport, Executive Director